

Blue Ribbon Task Force on the State Health Plan
Governance Discussion
September 21, 2010

This document provides a high-level outline of the primary decision elements that would need to be addressed by the Task Force in order to formulate a recommendation to change the current organizational location and governance of the State Health Plan. The outline is divided into three parts that address the most basic elements of changing the governance of a State entity: the location of the Plan within the Executive Branch of State government; the appointment/removal of the Executive Administrator of the Plan; and the powers and duties of the Executive Administrator, governing board or presiding chief executive (e.g., the Governor) over the Executive Administrator.

Part I – Location within Executive Branch of State Government

Potential options for changing the organizational location of the State Health Plan within the Executive Branch of State government:

- Option 1:** Office of the Governor (Navigant Recommendation)
- Option 2:** Cabinet Agency¹
- Option 3:** Council of State Agency¹
- Option 4:** Other

¹ The Plan's Board of Trustees recommended to the Task Force to locate the Plan with in an "Executive Agency", but did define executive agency to be limited to either a Cabinet or Council of State agency.

Part II – Appointment/Removal of the Plan's Executive Administrator

List of potential authorities to appoint or remove the Executive Administrator of the State Plan:

- Option 1:** The Governor
- Option 2:** Appointed Cabinet Secretary or Elected Council of State Officer
- Option 3:** An Appointed Governing Board
- Option 4:** Shared Appointment/Removal Process

Part III – Powers and Duties

Powers and Duties provide the fundamental authority for individuals operating and/or overseeing an entity to perform key functions related to the entity's mission. Below is a list of high-level powers and duties required for the Plan to meet its charge to provide health benefit coverage to Teachers and State Employees. This list is a summary list for explanatory purposes and does not represent very specific powers and duties that are required in statute to implement these broad categories of authority.

High-level Powers and Duties (Summary List)

- Enhance or reduce benefits offered under the Plan
- Set co-pay, annual deductible and co-insurance maximum amounts
- Set annual premium contribution rates
- Negotiate and enter into contracts on behalf of the Plan
- Provision of independent rule-making authority
- Fiduciary responsibility
- Adjudication of plan member appeals
- Conduct strategic planning
- Create and implement Medical policy

Assignment of Powers and Duties

The assignment of powers and duties can be provided to a single officer, shared or distributed among different officers, shared with a governing board, or provided to a governing board. Powers and Duties also may be delegated as in the example of a governing board delegating certain functions to a managing executive officer. For the State Health Plan, depending on the decisions made in Part I, the potential officers and/or entity that may have all or part of the basic powers and duties to operate the Plan are as follows:

- 1) The Executive Administrator of the Plan
- 2) A Cabinet Secretary or Elected Council of State officer
- 3) A governing board